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Message Text

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50
ACTION NEA-16

INFO OCT-01 ISO-00 EB-11 SP-03 AID-20 NSC-07 RSC-01

CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02 CIAE-00

COME-00 INR-11 LAB-06 NSAE-00 SIL-01 SSO-00 INRE-00

NEAE-00 PRS-01 EUR-25 EA-11 FTC-01 SAM-01 H-03 DRC-01

NSCE-00 /153 W
---------- 048062
O 191145Z JUL 74
FM AMEMBASSY COLOMBO
TO SECSTATE WASHDC IMMEDIATE 1368

C O N F I D E N T I A L COLOMBO 2054

EO 11652: XGDS-1
TAGS: ECON, EIND, CE
SUBJ: INFO TO COUNTER DEMANDS FOR NATIONALIZATION

REF: COLOMBO 336, FEB 6, 1973; STATE 19079,
FEB 1, 1973

1. DR SIVALI RATWATTE, CHAIRMAN OF EXPORT
PROMOTION SECRETARIAT, CAME TO SEE AMB
ON URGENT BASIS JULY 19 AT DIRECT REQUEST OF
PRIME MINISTER.

2. RATWATTE SAID THAT AT MEETING CHAIRED BY
PRIME MINISTER JULY 17 WITH JOINT COUNCIL OF
TRADE UNION ORGANIZATIONS (JCTUO) (CO-ORDINATING
COMMITTEE FOR TRADE UNIONS AFFILIATED TO UNITED
FRONT PARTIES) TO DISCUSS UNIONS MANY DEMANDS,
FINANCE MINISTER PERERA HAD EXPLAINED WHY IT
WAS NECESSARY TO CUT BACK ON GOVT SUBSIDIES
AND WHY FURTHER CUTS IN SUBSIDIES TO PUT
ECONOMY ON SOUND BASIS MIGHT BE NECESSARY.
ACCORDING TO RATWATTE, SEVERAL TRADE UNION
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LEADERS INSISTED THAT IF THAT WERE THE CASE,

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THEY FELT IT WOULD BE ESSENTIAL TO MAKE
COMPENSATORY GESTURE BY NATIONALIZING SEVERAL
FIRMS IN PRIVATE SECTOR, POSSIBLY INCLUDING
FIRMS WITH PRIVATE FOREIGN INVESTMENT. AT
MEETING, MINISTER OF INDUSTRIES, T.B. SUBASINGHE,
REPORTEDLY INDICATED SYMPATHY WITH TRADE
UNIONISTS POSITION. FINANCE MINISTER, WHO
IS HIMSELF TRADE UNION LEADER, WAS NON-COMMITAL
ON THIS DEMAND AT MEETING BUT PRIVATELY INDICATED
HE WAS OPPOSED TO NATIONALIZATION. ANOTHER
MEETING IS SCHEDULED FOR WEDNESDAY, JULY 24,
TO DISCUSS MATTER FURTHER WITH JCTUO.

3. RATWATTE SAID PRIME MINISTER RECLLAED THAT
LAST YEAR AMB HAD PROVIDED HER WITH
USEFUL BACKGROUND INFO ON US ECONOMIC
AND COMMERCIAL RELATIONS WITH SOVIET UNION AND
CHINA (REFTELS). PRIME MINISTER HAS ASKED IF,
BEFORE NEXT WEDNESDAY, WE COULD SUPPLY HER
WITH ADDITIONAL INFO ON THIS SUBJECT,
INCLUDING LATEST TRADE AND INVESTMENT DEVELOP-
MENTS WITH COMMUNIST COUNTRIES AND EGYPT. SHE
WOULD PARTICULARLY LIKE INFO IN FORM
WHICH COULD BE USED TO EFFECTIVELY COUNTER
TRADE UNION PRESSURES FOR NATIONALIZATION.
SPECIFICALLY, SHE IS INTERESTED IN NATURE,
TERMS, AND AMOUNT OF US INVESTMENT IN SOVIET
UNION AND CHINA, AS WELL AS IN EGYPT, I.E.:
IS THERE ANY DIRECT INVESTMENT? IS INVESTMENT
IN FORM OF JOINT VENTURES, AND, IF SO, WHAT IS
CHARACTER OF JOINT VENTURE AGREEMENTS? ARE
THERE OTHER TYPES OF INVESTMENT AGREEMENTS?
INFO ON EGYPTIAN DECISION TO WELCOME
FOUR AMERICAN BANK BRANCHES IN CAIRO AND
RELEVANT INFO ON PRIVATE US INVESTMENT
RELATIONSHIPS WITH EASTERN EUROPE WOULD ALSO
BE USEFUL.

4. RATWATTE, WHO IS PRIME MINISTERS BROTHER,
HAS BEEN URGING FURTHER PRIVATE INVESTMENT IN
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SRI LANKA ANDHE BELIEVES PRIME MINISTER IS
THINKING ALONG SAME LINES. HOWEVER, HE BELIEVES
NATIONALIZATION ACTIONS IN RESPONSE TO JCTUO
DEMANDS WOULD BE DISASTROUS FOR EFFORTS OBTAIN
PRIVATE INVESTMENT. HE NOTED IN PARTICULAR
IT WOULD UNDERMINE HIS EFFORTS TO ESTABLISH AN
EXPORT PROCESSING ZONE IN SRI LANKA.

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5. ACTION REQUESTED: REQUEST DEPT SEND
FULLEST AVAILABLE INFO AS REQUESTED
ABOVE IN FORMAT WHICH COULD BE USED BY
PRIME MINISTER AT NEXT WEDNESDAYS MEETING.
INFO SHOULD BE RECEIVED HERE BY
OPENING OF BUSINESS TUESDAY, JULY 23, SO THAT
AMB CAN PROVIDE IT TO DR RATWATTE
BEFORE AMB LEAVES FOR US THAT
EVENING.
VAN HOLLEN

NOTE BY OC/T: REFTELS APPARENTLY INCORRECT (336) OR NOT
AVAILABLE FADRC FILES (STATE 19079).

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Draft Date: 19 JUL 1974
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Decaption Note:
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